

**Rate Increase Methodology for City of Hope National Medical Center**  
**July 1, 2006-June 30, 2007**  
**Effective Fiscal Year 2007—October 1, 2006-September 30, 2007**

A line-by-line review was conducted of the Charge Description Master (CDM) to review the prices for reasonableness, consistency, leveling, and relationship to competitor facilities. Prices were revised as appropriate. The percentage increase in gross charges for all line items was determined using the recommended prices and applying a 5% increase to the gross revenue of line items not reviewed. A complete summary is listed below.

The gross revenue impact associated with the pricing recommendations was determined by multiplying the incremental change in price by historical revenue and usage data at the procedure level.


The rate increase components are as follows:

Total 2006 Budgeted Gross Revenues	\$802,800,000.00
Additional Gross Revenues for Line Items Reviewed	\$13,173,774.00
Additional Gross Revenues for Balance of Annual Gross Revenues with a 5% Across-the-Board Price Increase	\$26,966,226.00
Total Additional Gross Revenues	\$40,140,000.00
<b>Overall Percentage Increase in Gross Revenues</b>	<b>5.0%</b>

If you have any questions, please contact:

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Thank you,

  
David Allen, VP of Finance  
City of Hope National Medical Center  
June 8, 2007